



## PERFORMANCE AUDIT REPORT

# Tennessee Emergency Management Agency And Related Compacts

*May 2019*

**Justin P. Wilson**  
*Comptroller of the Treasury*



**DIVISION OF STATE AUDIT**

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JUSTIN P. WILSON  
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May 30, 2019

The Honorable Randy McNally  
Speaker of the Senate  
The Honorable Glen Casada  
Speaker of the House of Representatives  
The Honorable Kerry Roberts, Chair  
Senate Committee on Government Operations  
The Honorable Martin Daniel, Chair  
House Committee on Government Operations  
and  
Members of the General Assembly  
State Capitol  
Nashville, TN 37243  
and  
Mr. Patrick Sheehan, Director  
Tennessee Emergency Management Agency  
3041 Sidco Drive  
Nashville, TN 37204

Ladies and Gentlemen:

We have conducted a performance audit of selected programs and activities of the Tennessee Emergency Management Agency and related compacts for the period January 1, 2017, through April 30, 2019. This audit was conducted pursuant to the requirements of the Tennessee Governmental Entity Review Law, Section 4-29-111, *Tennessee Code Annotated*.

Our audit disclosed certain findings, which are detailed in the Audit Conclusions section of this report. Management of the Tennessee Emergency Management Agency and related compacts has responded to the audit findings; we have included the responses following each finding. We will follow up the audit to examine the application of the procedures instituted because of the audit findings.

This report is intended to aid the Joint Government Operations Committee in its review to determine whether the Tennessee Emergency Management Agency and related compacts should be continued, restructured, or terminated.

Sincerely,

A handwritten signature in black ink that reads "Deborah V. Loveless".

Deborah V. Loveless, CPA, Director  
Division of State Audit

DVL/js  
19/056



Division of State Audit  
**Tennessee Emergency Management  
Agency and Related Compacts**  
Performance Audit  
May 2019

*Our mission is to make government work better.*

## AUDIT HIGHLIGHTS

### *Tennessee Emergency Management Agency's Mission*

*To coordinate preparedness, response, and recovery from manmade, natural, and technological hazards in a professional and efficient manner.*

We have audited the Tennessee Emergency Management Agency (TEMA), the Civil Defense and Disaster Compact, the Interstate Earthquake Compact of 1988, and the Emergency Management Assistance Compact for the period January 1, 2017, through April 30, 2019. Our audit scope included a review of internal controls and compliance with laws, regulations, policies, procedures, and provisions of contracts or grant agreements in the following areas:

**Scheduled Termination Date:**

June 30, 2020

- emergency services coordinator training,
- basic emergency operations plan,
- continuity of operations plan,
- agency turnover,
- information systems, and
- contracting for federally declared disasters.

## KEY CONCLUSIONS

### FINDINGS

- TEMA management did not ensure that Emergency Services Coordinators completed all required training courses (page 11).
- As noted in the prior audit, counties have not submitted their Basic Emergency Operations Plan to TEMA as required by statute (page 16).

## **OBSERVATIONS**

The following topics are included in this report because of their effect on the operations of TEMA and the citizens of Tennessee:

- TEMA does not have the authority to require state agencies to submit their Continuity of Operations Plan (page 20).
- TEMA performed a five-year job review after experiencing high turnover (page 21).
- TEMA did not provide adequate internal controls in one area (page 22).

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## INTRODUCTION

### AUDIT AUTHORITY

This performance audit of the Tennessee Emergency Management Agency (TEMA) and related compacts was conducted pursuant to the Tennessee Governmental Entity Review Law, Title 4, Chapter 29, *Tennessee Code Annotated*. Under Section 4-29-241, TEMA, the Civil Defense and Disaster Compact, the Interstate Earthquake Compact of 1988, and the Emergency Management Assistance Compact are scheduled to terminate June 30, 2020. The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review audit of TEMA and related compacts to report to the Joint Government Operations Committee of the General Assembly. This audit is intended to aid the committee in determining whether TEMA, the Civil Defense and Disaster Compact, the Interstate Earthquake Compact of 1988, and the Emergency Management Assistance Compact should be continued, restructured, or terminated.

### BACKGROUND

#### Tennessee Emergency Management Agency

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##### History and Organizational Structure

The Tennessee Emergency Management Agency was established in 1951 by the state legislature as the Tennessee Office of Civil Defense. That law was amended in 1987, and Section 58-2-104, *Tennessee Code Annotated*, authorized and directed the Governor to create a state agency known as the Tennessee Emergency Management Agency (TEMA). TEMA is one of three major divisions under the administration of the Military Department of Tennessee.<sup>1</sup> The division administers a statewide system of civil preparedness and coordinates the efforts of state departments and local civil defense organizations in emergency and disaster assistance and planning.

TEMA operates under an Adjutant General for day-to-day administrative purposes and, upon recommendation of the Adjutant General, the Governor appoints a Director. For normal day-to-day administrative functions, the Director reports to the Adjutant General. During emergency conditions, the Director reports to the Governor or the Governor's designee. The Director, subject to the direction and control of the Governor, acting through the Adjutant General, is responsible to the Governor for carrying out TEMA's functions and overseeing emergency management for the State of Tennessee.

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<sup>1</sup> The Military Department of Tennessee is not part of the Tennessee Governmental Entity Review Law, Title 4, Chapter 29, *Tennessee Code Annotated*; therefore, this audit only covers TEMA and related compacts that are under sunset law.

## Organizational Responsibilities

In support of local governments, TEMA coordinates the overall state agency response to major disasters. It is responsible for ensuring the state's readiness to respond to and recover from natural, man-made, and technological emergencies. TEMA maintains government communication networks and constantly monitors air shows, car races, music events, fairs, the weather, and other major public gatherings to quickly respond to emergencies that may arise. During a declared emergency, TEMA provides a core group of staff to the State Emergency Operations Center. It also serves as a central coordination point for planning large-scale, state-sponsored events, such as the Governor's inauguration every four years or other events that merit multi-agency and multi-jurisdiction coordination.

During emergencies and disasters, TEMA activates the State Emergency Operations Center in Nashville, providing core staff to support the initial structure and coordinating with the Emergency Services Coordinators from state agencies and other government and private agencies to enhance the response and recovery effort. The center is staffed 24 hours a day, 365 days a year to receive emergency calls from counties, other states, the federal government, or other organizations needing response or recovery assistance. TEMA operations officers relay calls to TEMA officials and responders and coordinate arrangements for support from state, other government, or private agencies with a role in emergency management. A large, statewide telecommunications and computer network system provides effective and redundant message traffic, linking the emergency operations center with multiple headquarters for coordinated action. As needed, TEMA may open regional or field coordination centers, state logistics support facilities, or other ad hoc operational centers to enhance operations.

TEMA develops and continues to improve the Tennessee Emergency Management Plan, enabled and empowered by Section 58-2-106(b), *Tennessee Code Annotated*. In the event of a natural or man-made emergency, the plan empowers the Governor to enact executive orders and outlines the organizational structure of the state's response. TEMA assists and reviews local government emergency operations plans to ensure a consistent and integrated effort at multiple levels. TEMA also coordinates other complex plans, such as the Multi-jurisdictional Radiological Emergency Response Plan for nuclear power plants operated by the Tennessee Valley Authority and the Multi-jurisdictional Emergency Response Plan for facilities overseen by the U.S. Department of Energy at Oak Ridge, Tennessee.

TEMA's organizational chart is on page 6.

TEMA receives federal disaster grants, principally from the Federal Emergency Management Agency (FEMA), the U.S. Department of Homeland Security, and the U.S. Department of Transportation. As the recipient, TEMA receives and distributes disaster funds to eligible subrecipients such as local governments, private entities, and other state agencies. During the recovery phase of a disaster, TEMA assists these subrecipients with assessing damages, applying for grants, or repairing damaged public property. TEMA also helps survivors of disasters apply for immediate and long-term assistance from the federal government and other assisting agencies, such as the American Red Cross, the Salvation Army, and community or faith-based organizations.



To locate individuals who are lost in the mountains or wilderness, TEMA coordinates search and rescue missions from a variety of programs, including the U.S. Forest Service, the Tennessee Association of Rescue Squads, the National Park Service, the U.S. Army at Fort Campbell, and the Tennessee National Guard. Using predesignated urban search and rescue teams, TEMA coordinates missions for those trapped by collapsed structures or in other high-risk situations. TEMA coordinates with the U.S. Air Force, the Federal Aviation Administration, and other organizations in searching for downed aircraft.

TEMA conducts training for approximately 5,000 individuals per year; this includes TEMA employees, Emergency Services Coordinators, and private citizens. TEMA's training covers various topics including hazardous materials; the National Incident Management System; radiological and technical hazards for emergency workers; first aid; emergency vehicle operations; weapons; search and rescue; and other special training.

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### Related Compacts

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Over a period of several years and as its mission evolved, TEMA, with legislative authority, entered into three compacts to help address potential disasters: **the Civil Defense and Disaster Compact, the Interstate Earthquake Compact of 1988, and the Emergency Management Assistance Compact**. According to TEMA officials, there is no cost to TEMA for belonging to the three compacts.

The **Civil Defense and Disaster Compact**, codified in Section 58-2-401, *Tennessee Code Annotated*, was established in 1951 to provide mutual aid among the states in meeting any emergency or disaster from enemy attack, including sabotage and subversive acts and direct attacks by bombs; shellfire; atomic, radiological, chemical, and bacteriological means; and other weapons.

The **Interstate Earthquake Compact of 1988**, codified in Section 58-2-701, *Tennessee Code Annotated*, provides mutual aid among the states in meeting any emergency or disaster caused by earthquakes or other seismic disturbances.

According to TEMA management, neither compact has ever been activated and is not necessary in light of the all-hazard approach of the nationwide Emergency Management Assistance Compact; however, U.S. Department of Homeland Security officials favor such agreements and encourage states to have them.

The nationwide **Emergency Management Assistance Compact**, codified in Section 58-2-403, *Tennessee Code Annotated*, provides for mutual assistance among the states in managing any emergency or disaster duly declared by the Governor of the affected state(s), whether arising from natural disaster, technological hazard, man-made disaster, civil emergency aspects of resources shortages, community disorders, insurgency, or enemy attack. This compact also provides for cooperation in emergency-related exercises, testing, or other training activities that use equipment and personnel to simulate any aspect of giving and receiving aid during emergencies.

For the first time, TEMA had to request assistance through the Emergency Management Assistance Compact in response to the May 2010 flood. The state received bottled water and personnel from a variety of states participating in the compact to assist with handling the large number of claim mitigations associated with the flood. FEMA paid 75% of the cost, and Tennessee was required to provide the remaining 25%. According to TEMA officials, FEMA allowed the state to claim hours volunteered during the flood to help offset the cost of the 25% match.

TEMA's business unit codes in Edison<sup>2</sup> are 34104, 34108, and 34109.

## Revenues and Expenditures

**Table 1**  
**Tennessee Emergency Management Agency**  
**Fiscal Year 2017 Budget and Actual Expenditures and Revenues**

| TEMA                |              | FY 2017 Recommended Budget* | FY 2017 Actual Expenditures and Revenues** |
|---------------------|--------------|-----------------------------|--|
| <b>Expenditures</b> | Payroll      | \$ 7,261,900                | \$ 6,583,500                               |
|                     | Operational  | 6,105,800                   | 7,927,500                                  |
|                     | <b>Total</b> | <b>\$13,367,700</b>         | <b>\$14,511,000</b>                        |
| <b>Revenues</b>     | State        | \$ 3,281,200                | \$ 4,030,400                               |
|                     | Federal      | 9,157,400                   | 10,329,100                                 |
|                     | Other        | 929,100                     | 151,500                                    |
|                     | <b>Total</b> | <b>\$13,367,700</b>         | <b>\$14,511,000</b>                        |

\*Source: Tennessee State Budget, Fiscal Year 2016–2017.

\*\*Source: Tennessee State Budget, Fiscal Year 2018–2019 (Actual Revenues) and State Audit Information Systems (Actual Expenditures).

<sup>2</sup> Edison, which is maintained by the Department of Finance and Administration's Enterprise Resource Planning division, is the state's integrated software package for administrative business functions, such as financials and accounting, procurement, payroll, benefits, and personnel administration.

**Table 2**  
**Tennessee Emergency Management Agency**  
**Fiscal Year 2018 Budget and Actual Expenditures and Revenues**

| <b>TEMA</b>         |              | <b>FY 2018 Recommended Budget*</b> | <b>FY 2018 Actual Expenditures and Revenues**</b> |
|---------------------|--------------|------------------------------------|---|
| <b>Expenditures</b> | Payroll      | \$ 7,833,500                       | \$ 7,149,800                                      |
|                     | Operational  | 5,816,000                          | 8,001,200   |
|                     | <b>Total</b> | <b>\$13,649,500</b>                | <b>\$15,151,000</b>                               |
| <b>Revenues</b>     | State        | \$ 3,513,000                       | \$ 4,463,100                                      |
|                     | Federal      | 9,207,400                          | 10,500,100  |
|                     | Other        | 929,100                            | 187,800   |
|                     | <b>Total</b> | <b>\$13,649,500</b>                | <b>\$15,151,000</b>                               |

\*Source: Tennessee State Budget, Fiscal Year 2017–2018.

\*\*Source: Tennessee State Budget, Fiscal Year 2019–2020 (Actual Revenues) and State Audit Information Systems (Actual Expenditures).

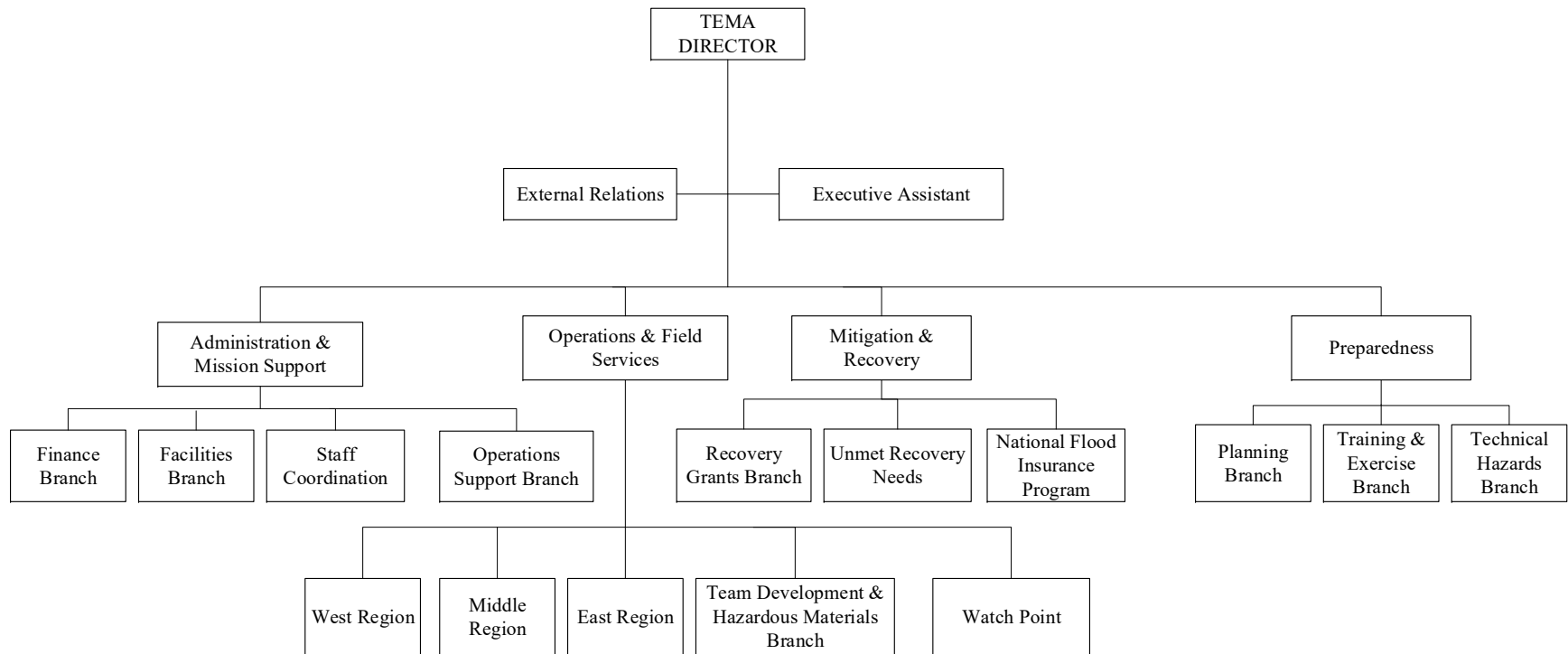
**Table 3**  
**Tennessee Emergency Management Agency**  
**Budget and Actual Expenditures and Revenues for July 1, 2018, Through March 31, 2019**

| <b>TEMA</b>         |              | <b>FY 2019 Recommended Budget*</b> | <b>FY 2019 Estimated Expenditures and Revenues**</b> |
|---------------------|--------------|------------------------------------|--|
| <b>Expenditures</b> | Payroll      | \$ 8,190,000                       | \$ 6,011,774   |
|                     | Operational  | 6,363,800                          | 6,185,790  |
|                     | <b>Total</b> | <b>\$14,553,800</b>                | <b>\$12,197,564</b>                                  |
| <b>Revenues</b>     | State        | \$ 4,417,300                       | \$ 4,478,900   |
|                     | Federal      | 9,207,400                          | 9,277,600  |
|                     | Other        | 929,100                            | 929,100  |
|                     | <b>Total</b> | <b>\$14,553,800</b>                | <b>\$14,685,600</b>                                  |

\*Source: Tennessee State Budget, Fiscal Year 2018–2019.

\*\*Source: Tennessee State Budget, Fiscal Year 2019–2020 (Estimated Revenues for fiscal year 2019) and State Audit Information Systems (Actual Expenditures through March 31, 2019).

**Tennessee Emergency Management Agency**  
**Organizational Chart**  
 March 2019



Source: TEMA management.

## AUDIT SCOPE

We have audited the Tennessee Emergency Management Agency (TEMA), the Civil Defense and Disaster Compact, the Interstate Earthquake Compact of 1988, and the Emergency Management Assistance Compact for the period January 1, 2017, through April 30, 2019. Our audit scope included a review of internal controls and compliance with laws, regulations, policies, procedures, and provisions of contracts or grant agreements in the following areas:

- emergency services coordinator training,
- basic emergency operations plan,
- continuity of operations plan,
- agency turnover,
- information systems, and
- contracting for federally declared disasters.

TEMA management is responsible for establishing and maintaining effective internal control and for complying with applicable laws, regulations, policies, procedures, and provisions of contracts and grant agreements.

For our sample design, we used nonstatistical audit sampling, which was the most appropriate and cost-effective method for concluding on our audit objectives. Based on our professional judgment, review of authoritative sampling guidance, and careful consideration of underlying statistical concepts, we believe that nonstatistical sampling provides sufficient appropriate audit evidence to support the conclusions in our report. Although our sample results provide reasonable bases for drawing conclusions, the errors identified in these samples cannot be used to make statistically valid projections to the original populations. We present more detailed information about our methodologies in the individual sections of this report.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## PRIOR AUDIT FINDINGS

### REPORT OF ACTIONS TAKEN ON PRIOR AUDIT FINDINGS

Section 8-4-109(c), *Tennessee Code Annotated*, requires that each state department, agency, or institution report to the Comptroller of the Treasury the action taken to implement the

recommendations in the prior audit report. The prior audit report was dated October 2011 and contained four findings. We conducted a follow up of the prior audit findings as part of the current audit.

## **RESOLVED AUDIT FINDINGS**

The current audit disclosed that Tennessee Emergency Management Agency management resolved or substantially resolved the three previous audit findings concerning the continuity of operations plan, the emergency services coordinator training database, and the subrecipient contracting process.

## **REPEATED AUDIT FINDING**

The prior audit report also contained a finding stating that all counties scheduled to submit their Basic Emergency Operations Plan in 2010 did not submit them according to the Tennessee Emergency Management Agency's guidelines. The current audit disclosed that counties required to submit their plan during calendar year 2018 did not submit them according to the guidelines and statute.

## **AUDIT CONCLUSIONS**

### **EMERGENCY SERVICES COORDINATOR TRAINING**

#### General Background

Emergency Services Coordinators (ESCs) aid the Tennessee Emergency Management Agency (TEMA) during disasters or emergencies with expertise from different state agencies and departments, federal agencies, private businesses, and nonprofits. TEMA provides training to ESCs to ensure that each ESC is knowledgeable in various emergency response functions and to maintain compliance with Section 58-2-106(b)(12), *Tennessee Code Annotated*, which states that the agency shall

Implement training programs to improve the ability of state and local emergency management personnel to prepare and implement emergency management plans and programs. This includes a continuous training program for agencies and individuals that will be called on to perform key roles in state and local post disaster response and recovery efforts and for local government personnel on federal and state post disaster response and recovery strategies and procedures.

According to Section 58-2-108(a),

At the direction of the governor, the head of each executive department and independent agency shall select from within such department or agency a person to be designated as the emergency services coordinator (ESC) for the department or agency together with an alternate ESC.

Furthermore, Section 58-2-108(f) states,

TEMA shall, in consultation with the department of human resources, develop a mechanism to provide for a salary supplement for the appointed ESC, subject to available funding.

State employees who serve as ESCs are compensated. ESCs from federal agencies, private businesses, and nonprofits participate voluntarily. According to TEMA management, the state's ESCs currently receive an annual stipend of \$1,000 to \$2,000 depending on their classification as primary, alternate, or embedded ESC (an embedded ESC maintains an office at TEMA).

According to TEMA's *Training Policies and Procedures*, ESCs are required to take training courses. TEMA assigns ESCs unique identifiers and tracks their training in the Training Management System. See **Table 4** for the required ESC training courses.

**Table 4**  
**Emergency Services Coordinator Mandatory Training Courses**

| Training Course Name   | Completion Schedule |
|--|---------------------|
| Incident Command System  | One-time            |
| National Incident Management System (NIMS)                             | One-time            |
| National Response Framework  | One-time            |
| NIMS Intra-State Mutual Aid  | One-time            |
| TEMA 101   | One-time            |
| Web Emergency Operations Course Emergency Management Software Training | One-time            |
| Tennessee Emergency Operations Center Course                           | One-time            |
| Annual ESC Training Workshop   | Annually            |
| Annual Exercise  | Annually            |
| Emergency Worker Training  | Annually            |

Source: TEMA's *Training Policies and Procedures*.

### Results of Prior Audit

In the October 2011 TEMA performance audit report, we reported a finding involving ESC training records. Specifically, we found it difficult, if not impossible, to accurately identify training records for all of the ESCs. In addition, the majority of the ESC records we were able to identify contained little or no information demonstrating that ESCs had completed required TEMA training courses. Management concurred with the prior audit finding and stated, "TEMA will update the software of the database and institute a collection process that updates the current training database for all members of TEMA, ESCs, and liaison personnel."

## Audit Results

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**1. Audit Objective:** In response to the prior audit finding, did TEMA management assign a unique identifier to the ESCs to allow for better tracking of training completion?

**Conclusion:** Based on our testwork, TEMA management assigned a unique identifier to the ESCs.

**2. Audit Objective:** In response to the prior audit finding, did TEMA management maintain supporting documentation for the ESCs' completed training?

**Conclusion:** Based on our testwork, TEMA management maintained supporting documentation for the ESCs' completed training.

**3. Audit Objective:** Did TEMA management ensure the ESCs completed the required training included in TEMA's *Training Policies and Procedures*?

**Conclusion:** Based on our testwork, TEMA management did not ensure the ESCs completed all the required training included in TEMA's *Training Policies and Procedures*. See **Finding 1**.

### Methodology to Achieve Objectives

To achieve our objectives, we met with the Emergency Management Assistant Director of the Operations and Field Services Division; the Emergency Management Administrator of the Training and Exercise Branch; and the Training Administrative Services Assistant to gain an understanding of the ESCs' training and to discuss corrective action to address the prior audit finding.

To test our objectives, we obtained a list of 160 active ESCs who were required to take training courses during the period January 1, 2017, through December 31, 2018. Of the 160 ESCs included on the list, 99 were state employees, and the remaining 61 participated voluntarily. We selected a random sample of 60 active ESCs from the list for testwork. Of the 60 ESCs included in our sample, 35 were state employees, and the remaining 25 participated voluntarily.

We reviewed the ESCs' training transcripts, training reports, and training sign-in sheets and certificates to determine if management ensured that staff assigned unique identifiers to the ESCs, that staff maintained supporting documentation, and that ESCs completed the required training classes stated in policy.



**Finding 1 – TEMA management did not ensure that Emergency Services Coordinators completed all required training courses**

Based on our sample testwork, Tennessee Emergency Management Agency (TEMA) management did not ensure that the Emergency Services Coordinators (ESCs) completed training courses as required by TEMA's *Training Policies and Procedures*. Specifically, we found deficiencies in meeting training requirements for all 60 of 60 ESCs tested (100%). See **Table 5** and **Table 6**.

**Table 5**  
**Results From Testwork**  
**Emergency Services Coordinators Failing to Complete One-time Training Courses**

| Training Course Name  | Number of ESCs Who Have Not Completed the One-time Training |            |       |
|---|---|------------|-------|
|   | State Employees   | Volunteers | Total |
| Incident Command System   | 11  | 21         | 32    |
| National Incident Management System (NIMS)                                | 11  | 22         | 33    |
| National Response Framework   | 14  | 21         | 35    |
| NIMS Intra-State Mutual Aid   | 19  | 24         | 43    |
| TEMA 101  | 9   | 17         | 26    |
| Web Emergency Operations Course<br>Emergency Management Software Training | 9   | 20         | 29    |
| Tennessee Emergency Operations Center Course                              | 9   | 20         | 29    |

**Table 6**  
**Results From Testwork**  
**Emergency Services Coordinators Failing to Complete Annual Training Courses**

| Training Course Name         | Number of ESCs Who Did Not Complete Training in 2017 |            |       | Number of ESCs Who Did Not Complete Training in 2018 |            |       |
|------------------------------|--|------------|-------|--|------------|-------|
|                              | State Employees                                      | Volunteers | Total | State Employees                                      | Volunteers | Total |
| Annual ESC Training Workshop | 7  | 16         | 23    | 7  | 16         | 23    |
| Annual Exercise              | 20   | 23         | 43    | 35   | 25         | 60    |
| Emergency Worker Training    | 9  | 18         | 27    | 18   | 20         | 38    |

As stated above, Section 58-2-106(b)(12), *Tennessee Code Annotated*, requires TEMA to implement training programs. To comply with statute, TEMA established its *Training Policies and Procedures*, which require the ESCs to take the training courses listed in **Table 4**. When we discussed training with TEMA management, TEMA management stated that ESCs

- are reminded monthly of training requirements;
- are provided annual reports detailing their completion or incompleteness of required training courses;
- have reported to TEMA that they do not attend all of the required trainings due to other requirements such as their own jobs or busy working emergencies; and
- might not attend training because they are volunteers and are not reimbursed for being an ESC.

Furthermore, based on our discussions, TEMA seems to place emphasis on its required training courses; however, TEMA management lacks the authority to force the ESCs' participation in the training courses.

Because ESCs play a vital role in emergency and disaster situations, ensuring the ESCs are properly trained is essential to the state's emergency preparedness and emergency response functions. In fact, the State of Tennessee Executive Order No. 15 of 1998 authorizes ESCs to coordinate and direct all emergency response functions and services during a disaster, and as such, ESCs' training status is critical.

### **Recommendation**

The TEMA Director should notify the heads of state agencies and departments of the ESCs' failure to adhere to TEMA's training requirements. In addition, TEMA management should consider whether to seek changes to the current statute to gain greater authority to enforce required training requirements for ESCs.

### **Management's Comment**

We concur in part. While most ESCs in the sample did not complete the required training within standard timeframes, TEMA management took proactive steps to identify training deficits, make training available, and communicate with the cadre of ESCs, and substantial progress was made to close training gaps in the ESC program, especially those that are state employees. The statute (TCA § 58-2-101 (11)) defines ESCs specifically as "... person or persons selected by the head of each executive branch agency or commissioner designated by the governor ... responsible for coordinating with the agency on emergency preparedness issues, preparing and maintaining emergency preparedness and post disaster response and recovery plans for their agency, maintaining rosters of personnel to assist in disaster operations, and coordinating appropriate training for agency personnel." For the ESCs in the sample that meet the current statutory definition of an ESC, an additional review shows that the majority of them have completed a substantial amount of the required training and that TEMA has taken active measures to make training available, communicate to those ESCs their training progress, and provide timely reminders of upcoming training opportunities.

Over time it is apparent that TEMA's and partners' use of "ESC" evolved to include non-executive branch agency personnel and includes personnel from the private sector, non-governmental organizations and volunteers, and the federal government. This expanded use of the

term outside of statutory definition, we believe, has contributed to confusion over statutory authority and lawful requirements. In an effort to treat our partners with as much equity as possible, the use of the same title has been useful in helping to foster an egalitarian environment that enables teamwork in stressful situations.

For ESCs as currently defined in the statute, we will implement the recommendation for notification to commissioners after providing ESCs with a sufficient period to correct training deficiencies. We will seek appropriate statutory changes to clarify ESC roles and responsibilities, codify the use of Emergency Services Liaisons (ESLs) in TEMA's Regional Coordination Centers (RCCs), and to create incentives in the stipend process by tiering the stipends based on training completion, participation in meetings and the annual workshop, and activities to help the state prepare for disaster and work in the emergency operations center or disaster recovery offices.

Our annual renewal letter sent to commissioners outlines the roles, responsibilities, and expectations of an ESC. The renewal letter states that lack of participation by an ESC may result in stipends not being awarded. We intend with the next iteration of the letter to request suspension of stipend payment if training and participation requirements are not met within established timeframes.

As mentioned in the report, TEMA management has limited authority to force or "ensure" ESC training completion. This is especially true for ESCs that are not state employees, such as volunteers from non-profit organizations and private partners. In reviewing Table 5: ESCs Failing to Complete One-Time Training Courses and Table 6: ESCs Failing to Complete Annual Training Courses, it is evident the majority of ESCs that did not complete the required training are volunteers.

For ESCs outside of the statutory definition, we will make procedural and administrative changes to communicate and reinforce the importance of training, meeting and exercise participation, and annual workshop attendance of our partners. Our policies and procedures will be revised to mirror the statutory definition of ESC as it currently exists, and we will seek to have the statutes updated to enable TEMA to have flexibility on requirements for any personnel, state or otherwise, working in the emergency operations center or regional coordination centers.

In our documentation moving forward, and unless statutory changes are enacted, TEMA management will rely on the statutory definition of ESC, and will implement a different naming convention for private-sector, non-profit, and federal personnel to reduce confusion. In the immediate term, we will rely on differentiated terms such as "emergency services partners" (ESPs) for the NGO [non-governmental organization] and federal personnel assigned to the SEOC [State Emergency Operations Center], and Private-Sector Partner (PSP) for industry partners or some other adequate convention. The emergency services liaison (ESL) term for state employees that support our Regional Coordination Centers will continue.

## BASIC EMERGENCY OPERATIONS PLAN

### General Background

County emergency management plans are known as Basic Emergency Operations Plans (BEOPs). Section 58-2-110(1)(A), *Tennessee Code Annotated*, requires counties to develop a county emergency management plan consistent with the Tennessee Emergency Management Plan, an emergency management program to ensure effective response and recovery when an emergency occurs. These must be periodically reviewed by the Tennessee Emergency Management Agency (TEMA). Section 58-2-106(b), *Tennessee Code Annotated*, states,

The agency [TEMA] is responsible for carrying out this chapter. In performing its duties under this chapter, the agency shall . . . (4) Periodically review political subdivision emergency management plans for consistency with the TEMP [Tennessee Emergency Management Plan] and standards and requirements adopted under this section.

According to TEMA's *Basic Emergency Operations Plan (BEOP) Review Guidance*,

The County Plan Cycle is centered on a submission and review of county BEOPs **every five years**. . . . The purpose of this cycle is to allow counties to revise and adapt their plans to growing and/or changing communities and to address new hazards. The updating of plans prevents a county from being caught unprepared, and the current cycle requires a submission to TEMA every five years regardless of changes in administration or election patterns. [emphasis in original]

TEMA maintains a BEOP review tracking spreadsheet that includes a list of all counties and the year the plans are due for review. To accomplish its review of the BEOPs, TEMA uses a tool called the BEOP Review Crosswalk that lists the criteria to ensure the BEOPs are in compliance with the Tennessee Emergency Management Plan as defined by TEMA and in coordination with the Federal Emergency Management Agency's *Comprehensive Preparedness Guide (CPG) 101 – Developing and Maintaining Emergency Operations Plans*<sup>3</sup>. TEMA management has organized the crosswalk into three sections: Introduction, Basic Plan, and Emergency Support Functions. Once a county submits its BEOP to TEMA, the TEMA State Planner reviews the BEOP against the criteria and documents on the crosswalk the status of each criteria as Not Met, Met, or Advanced<sup>4</sup>. Once the review is complete, the State Planner submits the completed crosswalk and BEOP to the Emergency Management Assistant Director of the Preparedness Division for final review. Upon the Assistant Director's approval, management sends an approval letter and completed crosswalk to the county.

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<sup>3</sup>The Federal Emergency Management Agency's *Comprehensive Preparedness Guide (CPG) 101 – Developing and Maintaining Emergency Operations Plans* provides guidelines on developing emergency operations plans.

<sup>4</sup>According to the *Basic Emergency Operations Plan (BEOP) Review Guidance*, an advanced status is "achieved by including county specific information so that the BEOP is catered more towards the individual county rather than simply including general concepts."

According to the *Basic Emergency Operations Plan (BEOP) Review Guidance*, in the event a county is unable to meet the submission deadline, counties may request an extension by submitting a formal extension request<sup>5</sup> one month prior to the official submission date. The extension request provides an option to extend the submission deadline by 30, 60, or 90 days. TEMA must approve the extension request to allow late submissions.

According to TEMA management, in 2018 TEMA performed a complete overhaul of the Tennessee Emergency Management Plan, which resulted in significant updates and included outreach to dozens of partner organizations. Management stated that the goal was to integrate best practices, lessons learned, and the clarity of functions within the plan. In addition, since Section 58-2-110, *Tennessee Code Annotated*, requires counties to develop a county emergency management plan consistent with the Tennessee Emergency Management Plan, TEMA management stated it was important for TEMA management to complete this overhaul and rewrite the BEOP guidelines in order to ensure the counties' plans remain consistent with the Tennessee Emergency Management Plan.

### Results of Prior Audit

In the October 2011 TEMA performance audit report, we found that management did not ensure counties were submitting their BEOPs according to TEMA guidelines, and TEMA did not have a formal extension request policy. Management concurred in part with the prior audit finding and stated, "The update/review cycle for Local Basic Emergency Plans has been extended from every four years. An extension policy has been developed for setting procedures for local governments to request a 90-day extension to that cycle." Beginning in calendar year 2018, the department implemented the *Basic Emergency Operations Plan (BEOP) Review Guidance*, which requires counties to submit a BEOP to TEMA for review every five years, instead of every four years, and includes an extension request policy.

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## Audit Results

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**1. Audit Objective:** In response to the prior audit finding, what corrective action did management take to encourage the counties to submit their Basic Emergency Operations Plan for review and approval?

**Conclusion:** Based on our testwork, although management has encouraged counties to comply with state statute and TEMA guidance, TEMA did not have the means to force the counties to submit their Basic Emergency Operations Plan for TEMA's review and approval. See **Finding 2**.

**2. Audit Objective:** In response to the prior audit finding, did management review and approve the Basic Emergency Operations Plans submitted by the counties?

**Conclusion:** Management reviewed and approved the Basic Emergency Operations Plans submitted by the counties.

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<sup>5</sup> The request is prepared on a template created by TEMA.

**3. Audit Objective:** In response to the prior audit finding, did management develop written policies and procedures related to providing an extension to a Basic Emergency Operations Plan?

**Conclusion:** Management developed written policies and procedures related to providing an extension to a Basic Emergency Operations Plan.

#### Methodology to Achieve Objectives

To achieve our objectives, we met with TEMA's Emergency Management Administrator of the Planning Branch and the State Planner to gain an understanding of the Basic Emergency Operations Plans and to discuss corrective action to address the prior audit finding. We reviewed the *Basic Emergency Operations Plan Review Guidance*; the BEOP Review Crosswalk; the Federal Emergency Management Agency's *Comprehensive Preparedness Guide (CPG) 101 – Developing and Maintaining Emergency Operations Plans*; and Sections 58-2-106 and 58-2-110, *Tennessee Code Annotated*.

To test our objectives, we obtained TEMA's review tracking spreadsheet that included a list of all eight counties that were scheduled to submit a BEOP during the period January 1, 2018, through December 31, 2018. We obtained and reviewed the BEOP and TEMA's approval letter and crosswalk indicating TEMA's review. We also reviewed the *Basic Emergency Operations Plan Review Guidance* to determine if management developed a BEOP extension policy.

#### **Finding 2 – As noted in the prior audit, counties have not submitted their Basic Emergency Operations Plan to TEMA as required by statute**

Based on our testwork, we found that the Tennessee Emergency Management Agency (TEMA) was unable to fulfill its statutory responsibility to review the Basic Emergency Operations Plans (BEOPs) for counties that failed to submit the plans. Based on our audit, we found that for seven of the eight counties tested (88%), the county management failed to submit a BEOP for TEMA's review and approval during calendar year 2018 (the required submission year for these eight counties), and the counties did not request an extension for late plan submission.

Sections 58-2-106 and 58-2-110, *Tennessee Code Annotated*, require counties to submit a BEOP to TEMA periodically for review. In addition, TEMA's *Basic Emergency Operations Plan (BEOP) Review Guidance* requires counties to submit their BEOP every five years for review and approval, including a submission extension option. Although both statute and TEMA guidance require counties to submit a BEOP to TEMA, we found that counties do not always comply and TEMA has no authority to force the counties to comply with statute or TEMA guidance.

Without the ability to obtain all counties' BEOPs, TEMA management and staff cannot review and approve the plans to ensure the counties are prepared in the event of a disaster. It is important for counties to revise and adapt their plan to address new hazards, and failure to update these plans and to coordinate with TEMA could affect the state's ability to effectively respond to and recover from disasters.

## **Recommendation**

The TEMA Director should strongly encourage counties to comply with statute and TEMA guidance regarding submission of their Basic Emergency Operations Plan. TEMA management should alert all concerned parties when the counties fail to submit their plan, including county governance officials, the Governor, and members of the General Assembly.

## **Management's Comment**

We concur. We concur with the finding and the recommendation to strongly encourage counties to comply with statute and TEMA guidelines regarding the submission of Basic Emergency Operations Plan (BEOP) updates. BEOPs document the county's emergency partnership network, emergency coordination structure, and the assignment of emergency support roles/responsibilities. To ensure that counties continue to update and submit their BEOPs per established guidelines, TEMA management will promote the development of a new BEOP training course and new BEOP template to improve the ability for counties to maintain their plans. This new training course and plan template will be modeled off the best practices identified as part of the *2018 Tennessee Emergency Management Plan (TEMP)* update. Additionally, TEMA management will ensure that all county emergency management directors are periodically reminded, at minimum annually, when their respective five-year BEOP update is to be submitted to TEMA for review. The TEMA Director intends to continue the series of county-by-county meetings begun in 2018 that were conducted in local offices with county mayors, other local elected officials, local emergency management directors, and senior appointed officials to discuss the status of and needs in their emergency management program, mitigation plan status, NFIP [National Flood Insurance Program] adoption, and the status of BEOPs as a way to discuss the strengths and needs of each county's program.

TEMA management will further review the *2018 Basic Emergency Operations Plan Review Guidance* to identify ways to streamline the agency's BEOP submittal procedures and to remove any unnecessary roadblocks that may be preventing counties from submitting their BEOPs in a timely manner. Additionally, as part of the review process for the *2018 Basic Emergency Operations Plan Review Guidance*, TEMA management will also bolster planning policies and procedures to include a time-based checklist that adds steps for officially alerting select individuals when a county BEOP is not submitted within the established timeframe.

The Tennessee Emergency Management Agency will work to continue to collaboratively work with all partners on requirements as defined in statute or procedures and will incorporate corrective actions and observations to the extent possible.

## CONTINUITY OF OPERATIONS PLAN

Section 58-2-106(b)(13), *Tennessee Code Annotated*, requires the Tennessee Emergency Management Agency (TEMA) to “Periodically review emergency operating procedures of state agencies and recommend revisions as needed to ensure consistency with the TEMP [Tennessee Emergency Management Plan] and program.” TEMA accomplishes this review through the Continuity of Operations Plan (COOP) Assistance Program. In a COOP, management establishes policy and guidance to ensure that critical functions continue during a disaster; management develops a disaster recovery plan to ensure management can recover and protect information technology infrastructure in the event of a disaster.

TEMA has identified certain agencies with missions that are essential for providing emergency support services and encourages and assists all agencies in developing and maintaining their COOP. In addition, the COOP Manager, within the Planning Branch, sends all agencies an annual email reminder with the due date to submit their COOPs. Once an agency submits its COOP to TEMA, the COOP Manager reviews the COOP to ensure it meets the 14 Emergency Management Accreditation Program<sup>6</sup> continuity of operations standards. The COOP Manager then assigns either a Meets Standard, Meets Standard\*,<sup>7</sup> or Does Not Meet Standard to each standard in the COOP. Once the review is complete, the COOP Manager prepares a report that includes whether the department met each of the standards and recommended improvements, if applicable. The report is then reviewed by the Emergency Management Administrator of the Planning Branch and the Emergency Management Assistant Director of the Preparedness Division and sent to the agency.

### Mission-essential Agencies

Department of Agriculture  
Department of Children’s Services  
Department of Commerce and Insurance  
Department of Education  
Department of Finance and Administration  
Department of Financial Institutions  
Department of Health  
Department of Mental Health and Substance Abuse Services  
Department of Military  
Department of Transportation

### Non-mission-essential Agencies

Department of Correction  
Department of Economic and Community Development  
Department of Environment and Conservation  
Department of General Services  
Department of Human Resources  
Department of Human Services  
Department of Intellectual and Developmental Disabilities  
Department of Labor and Workforce Development  
Department of Revenue  
Department of Safety and Homeland Security  
Department of Tourist Development  
Department of Veterans Services

Source: TEMA’s determination of mission-essential and non-mission-essential agencies.

<sup>6</sup> The Emergency Management Accreditation Program is an independent nonprofit organization, fostering excellence and accountability in emergency management and homeland security programs, by establishing credible standards applied in a peer review accreditation process. See <https://www.emap.org/index.php/what-is-emap/our-mission>.

<sup>7</sup> According to the COOP Review Procedures, a Meets Standard\* means it meets standards with recommended improvement.



## Results of Prior Audit

In the October 2011 TEMA performance audit report, we recommended that TEMA should strengthen state agency disaster preparedness by changing and formalizing TEMA's process for reviewing and approving agency COOPs. We also stated that the General Assembly may wish to consider amending *Tennessee Code Annotated* to provide TEMA with greater authority to require state agencies to submit their COOP for review and approval.

## **Audit Results**

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- 1. Audit Objective:** In response to the prior audit finding, what corrective action did management take to encourage the state agencies to submit a Continuity of Operations Plan for review?

**Conclusion:** We found that although TEMA management has encouraged agencies to submit their Continuity of Operations Plan, TEMA does not have the authority to force the agencies to submit their plan for TEMA's review. See **Observation 1.**

- 2. Audit Objective:** Did management review agencies' Continuity of Operations Plans that were submitted by the deadline to determine if the plans were in compliance with the 14 Emergency Management Accreditation Program continuity of operations standards?

**Conclusion:** Based on our review, we determined that management reviewed agencies' Continuity of Operations Plans that were submitted by the deadline to determine if the plans were in compliance with the 14 Emergency Management Accreditation Program continuity of operations standards.

## Methodology to Achieve Objectives

To achieve our objectives, we met with the Emergency Management Administrator of the Planning Branch and the COOP Manager to gain an understanding of the COOPs and to discuss corrective action to address the prior audit finding. We reviewed the *Continuity of Operations Plan Development Guidance*; the Continuity of Operations Plan template and instructions; and the Emergency Management Accreditation Program's *2016 Emergency Management Standard*.

To test our objectives, we reviewed the email reminder dated March 29, 2018, encouraging the agencies to submit their COOP. In addition, we obtained a list of the 22 agencies during the period January 1, 2018, through December 31, 2018. For the purpose of the Emergency Management Accreditation Program, 10 of the 22 agencies are mission-essential and 12 are non-mission-essential agencies.

We reviewed the COOP tracking spreadsheet, COOPs, and the reports prepared by TEMA to determine if management reviewed the agencies' plans that were submitted by the deadline.

### **Observation 1 – TEMA does not have the authority to require state agencies to submit their Continuity of Operations Plan**

Based on our audit, we found that during calendar year 2018, 10 of the 22 state agencies (45%) did not submit a Continuity of Operations Plan (COOP) or submitted a COOP late. Of the 10 agencies, 5 non-mission-essential agencies did not submit a COOP, and 1 mission-essential and 4 non-mission-essential agencies submitted their COOP late. Although Section 58-2-106, *Tennessee Code Annotated*, requires the Tennessee Emergency Management Agency (TEMA) to periodically review the COOPs, we found that TEMA has no authority to force the agencies to submit their plan for TEMA's review.

The General Assembly may wish to consider amending Section 58-2-106, *Tennessee Code Annotated*, to provide TEMA with greater authority to require agencies to submit their COOP for review. Without the ability to obtain all agencies' COOPs, TEMA management and staff cannot review the plans to ensure the continuation of necessary agency functions essential for operations during times of emergency.

### **AGENCY TURNOVER**

The Tennessee Emergency Management Agency (TEMA) is one of the three major divisions of the Department of Military. TEMA employees are responsible for ensuring the State of Tennessee and its local jurisdictions are prepared to deal with disasters and emergencies that threaten people and their property. TEMA employees are often required to work variable schedules, be on call 24 hours a day, and work in hectic and hazardous conditions. According to Edison, TEMA had 106 employees and 16 separations, including 9 resignations and 7 retirements, between January 1, 2017, and December 31, 2017. Between January 1, 2018, and December 30, 2018, TEMA had 104 employees and 14 separations, including 10 resignations, 2 retirements, and 2 probationary dismissals.

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### **Audit Results**

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**Audit Objective:** Did TEMA experience any turnover that affected its ability to meet its mission, and how has management handled agency turnover?

**Conclusion:** Based on our analysis of TEMA's staffing levels, TEMA experienced 15% turnover from January 1, 2017, through December 31, 2017, and 13% turnover from January 1, 2018, through December 31, 2018. TEMA management performed a five-year job review and identified three key positions with high turnover rates, which resulted in proposing an increase in salary for these key positions. See **Observation 2**.

### **Methodology to Achieve Objective**

To meet our objective, we interviewed TEMA's Chief of Staff and the Staff Services Coordinator and reviewed TEMA's five-year job review. Using Edison, we obtained a list of

employees on staff, including separations, between January 1, 2017, and December 31, 2018, and calculated the average turnover rate for calendar years 2017 and 2018.

**Observation 2 – TEMA performed a five-year job review after experiencing high turnover**

Tennessee Emergency Management Agency (TEMA) management recognized the need to perform a job review after experiencing high employee turnover. With the aid of the Department of Human Resources and the Department of Military's Human Resources, TEMA performed a five-year job review in 2018 for the period covering April 2013 through August 2018. Management's goal was to analyze TEMA job positions to ensure they are accurately classified and compensated based on job duties and assignments.

TEMA's job review objectives were as follows:

- Review job position descriptions.
- Develop disaster-specific job duties.
- Research TEMA employee turnover rates.
- Update job description forms.
- Compare TEMA employee salaries to outside salaries.

TEMA discovered that job descriptions did not include disaster-related duties or many of the normal operations duties. TEMA also learned that other state agencies use hazard pay to increase salaries. According to TEMA management, the Department of Human Resources noted that TEMA Emergency Management positions could qualify for salary increases if the positions were closely tied to emergency roles.

TEMA determined that turnover rates were highest for the positions of Emergency Management Operations Officers, Emergency Management Planners, and Emergency Management District Coordinators. We verified TEMA's turnover rates for these positions during 2017 and 2018 (see **Table 7**).

**Table 7**  
**Annual Turnover Rates**  
**By Emergency Management Position**

| Job Title                                  | Calendar Year | Turnover Rate* |
|--|---------------|----------------|
| Emergency Management Operations Officers   | 2017          | 11%            |
|  | 2018          | 20%            |
| Emergency Management Planners              | 2017          | 9%             |
|  | 2018          | 29%            |
| Emergency Management District Coordinators | 2017          | 17%            |
|  | 2018          | 16%            |

\*Turnover rate includes resignations, retirements, and probationary dismissals.

Source: Edison, the state's accounting system.

Based on the review, TEMA determined that to attract and retain quality employees, salaries needed to align with the job skills and requirements that job positions demand.

TEMA recommended the following actions in fiscal year 2019–2020 budget hearings:

- Institute a one- to two-step salary grade increase for all Emergency Management preferred-service positions to recruit quality applicants.
- Move current employees to the new salary grade and keep their current percentage above minimum, to prevent new employees from being paid more than current employees.
- Implement hazard pay for District Coordinators.

TEMA specifically asked for \$202,782 in state hazard pay, \$351,060 in state equity pay, and \$462,950 in federal pay, for a total of \$1,016,792 in salary improvements. According to management, the Department of Finance and Administration stated that the salary funding request was approved as part of the fiscal year 2019–2020 miscellaneous appropriation.

## INFORMATION SYSTEMS

The Tennessee Emergency Management Agency (TEMA) relies on various information systems, databases, and applications to capture and maintain information that supports its activities. Strategic Technology Solutions within the Department of Finance and Administration is responsible for maintaining the department’s computer systems and applications.

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### Audit Results

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**Audit Objective:** Did management follow state information systems policies and industry best practices?

**Conclusion:** Based on the procedures performed, we determined that management did not always follow state information systems policies in one area. See **Observation 3.**

#### Methodology to Achieve Objective

To achieve our objective, we interviewed management and obtained relevant documentation to gain an understanding of TEMA’s systems’ control activities and assessed management’s adherence to state information systems policies and industry best practices.

#### **Observation 3 – TEMA did not provide adequate internal controls in one area**

The Tennessee Emergency Management Agency (TEMA) did not design and monitor effective internal controls in one area. This condition was in violation of state policies and

industry-accepted best practices. The risk associated with this condition was reduced because TEMA implemented effective mitigating controls.

The details of this observation are confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated*.

## CONTRACTING FOR FEDERALLY DECLARED DISASTERS

When a major disaster occurs, the Tennessee Emergency Management Agency (TEMA) coordinates with local government and nonprofit subrecipients to perform an initial survey of the affected areas to determine if the disaster meets Stafford Act<sup>8</sup> requirements for requesting a presidential declaration of emergency. Under disaster-enacted grant programs, the Federal Emergency Management Agency (FEMA) works with TEMA personnel to assess damages and verify applicant projects, and then FEMA obligates funds to the state for reimbursement purposes.

In response to the prior audit finding, TEMA worked with other state agencies to create a new delegated grant authority (DGA)<sup>9</sup> template, named the “Special Delegated Authority for a Declared Disaster.” The purpose of this DGA is to provide TEMA with the flexibility to quickly coordinate with other state agencies<sup>10</sup> during state-declared and federally declared disasters.

Pursuant to Central Procurement Office<sup>11</sup> Policy 2013-006, “Delegated Grant Authority,” TEMA must use the approved template to prepare a new DGA upon a formally declared disaster by the federal government or the Governor of Tennessee. Through the DGA process, TEMA must obtain approval from various state agencies before it can enter into grant contracts with subrecipients impacted by a formal state or federal disaster. The DGA is reviewed by multiple branches within TEMA before the Finance Administrator physically delivers it to the Department of Military (Military) for their review; then it is returned to TEMA to enter into Edison. The electronic record in Edison is used for additional state agencies’ approvals. TEMA uses its Public Assistance Tracking Spreadsheet to track TEMA’s and Military’s initial approvals of the DGA, and it tracks additional state agencies’ approvals in Edison.

To secure the contracts with each subrecipient, TEMA management from various branches prepare, review, and mail the contracts to subrecipients. After reviewing and signing the original copy, subrecipients mail the contract back to TEMA. TEMA then manually delivers the contracts to Military for additional review and the signature of the Adjutant General or designee. Once signed, the contracts are returned to TEMA so staff can enter the contracts into Edison. Once

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<sup>8</sup> The Stafford Act provides the legal authority for the federal government to provide assistance to states during a major disaster or emergency.

<sup>9</sup> DGAs are agreements between an agency and the state that authorize the agency to write contracts with subrecipients that can be processed without the Central Procurement Office’s, the Comptroller’s, and legal approval.

<sup>10</sup> The following state agencies must review and approve the DGA in Edison: the Department of Military, the Central Procurement Office, the Department of Finance and Administration, and the Comptroller of the Treasury.

<sup>11</sup> Administratively attached to the Department of General Services, the Central Procurement Office was created by Section 4-56-104, *Tennessee Code Annotated*, to streamline and centralize procurement functions; to save costs and promote efficiency; and to ensure transparency and accountability in the procurement and contracting process.

approved in Edison,<sup>12</sup> TEMA mails a copy of the signed contracts to the subrecipients. Subrecipients may then submit requests to TEMA for reimbursement of costs incurred regarding the disaster recovery. TEMA tracks approvals related to the subrecipient contracting process in TEMA's Public Assistance Database in Microsoft Access.

### Results of Prior Audit

In the October 2011 TEMA performance audit report, we noted a finding that the state's contracting process had delayed TEMA's ability to quickly provide Public Assistance Program funding to subrecipients that needed disaster recovery assistance. The finding disclosed that communication problems between TEMA and the now-defunct<sup>13</sup> Office of Contract Review within the Department of Finance and Administration caused the delay in funding. Additionally, we reported that TEMA did not prioritize other agencies' reviews of DGAs and contracts. Management concurred in part with the prior audit finding, stating that it would seek to improve communication with the Office of Contract Review and that it would identify these contracts as a priority for other agencies to review.

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### **Audit Results**

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**Audit Objective:** In response to the prior audit finding, did TEMA work to improve its contracting process to provide subrecipients disaster recovery fund assistance?

**Conclusion:** TEMA has worked to improve its contracting process with subrecipients for disaster recovery funds.

### Methodology to Achieve Objective

To achieve our objective, we met with the Financial Administrator and the Contracts Manager to gain an understanding of the contract process for federally declared disasters and to discuss corrective actions taken to address the prior audit finding. We also reviewed FEMA's *Public Assistance Program and Policy Guide*.

To test our objectives, we obtained a population of the 2 special DGAs for federally declared disasters, which were executed on March 3, 2017, and September 5, 2017, and all 68 contracts, which were written under both DGAs, as of March 19, 2019. We then analyzed the Public Assistance Tracking Spreadsheet and a query from the Public Assistance Database to determine the number of days state agencies spent reviewing the DGAs and contracts. We used this information to determine if TEMA's corrective actions and process changes allowed TEMA to quickly provide disaster recovery assistance to subrecipients in need.

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<sup>12</sup> The Contracts Manager enters electronic records of individual contracts into Edison, and the Financial Administrator approves them.

<sup>13</sup> The duties of the defunct Office of Contract Review transferred to the Central Procurement Office on January 20, 2014.